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SUBJECT: BRAZIL: BIOFUELS COOPERATION: 2ND PREPARATORY MEETING OF
GLOBAL BIOFUELS FORUM

REF: BRASILIA 2544

¶1. (SBU) Summary: The Second Preparatory Meeting of the Global Biofuels Forum, held in Rio de Janeiro on 27 and 28 November, achieved consensus on priorities and next steps for the group. Gregory Manuel, Special Advisor to the Secretary and International Energy Coordinator, and Lisa Kubiske, Director of WHA/EPSC, represented the U.S. Five other countries attended: Brazil (the host), China, India, South Africa, and the European Union. The forum's goal is to establish a cooperative arrangement among the six participants and to facilitate development of an international market for liquid biofuels. Short and long-term objectives, standardization, environmental and social impacts, development and job creation were all discussed. The importance of information/technology exchange, communication, and achieving progress at a fairly rapid rate were all stressed. Plans are to hold a Ministerial-level meeting in early February. End Summary.

¶2. The forum moderator, Brazilian Foreign Ministry Under Secretary and soon to be Ambassador to the U.S. Patriota, moderated the forum. He requested that each delegation identify its priorities for the forum; after each delegation spoke, Patriota adroitly summarized its priorities.

¶3. (SBU) The U.S. delegation lauded the structure of the forum. For the first time, said Manuel, all the right players were represented. Information exchange, the accelerated development of feasibility studies, collaborative R&D, establishing uniform standards and codes -- a key prerequisite to making biofuels more easily traded commodities -- and the integration of the private sector were all paramount objectives, he stressed.

¶4. (SBU) China insisted that the term "biofuels" be limited to liquid, not gaseous or solid biofuels. (This had already been implicitly understood by the other parties.) In addition, China wished to define standards and to have a clear Memorandum of Understanding between the parties.

¶5. (SBU) India stressed the social objectives of the project, focusing on rural economies, generation of employment, and aspects of technology transfer such as seed varieties, soil, pesticides, and waste management.

¶6. (SBU) The EU was pleased that the forum encompasses more than

ethanol and extends to other biofuels, and concerned that the needs of developing countries and the environment be considered. Like the other countries, the EU sought standardization. The EU delegate also suggested the inclusion of additional countries such as Indonesia and Malaysia in the forum.

¶17. (SBU) South Africa echoed the others, stressing the need to recognize the diverse developments within the biofuels sector, establish terms of reference as well as strong working groups and procedures, and focus on job creation.

¶18. (SBU) U/S Patriota next presented his delegation's view. Brazil also would like to facilitate access to the biofuels sectors in other developing countries, he said. Patriota mentioned an article recently written by the former president of Senegal, indicating that the 13 nations of the Pan-African Non-Petroleum Producing Nations would like to follow in Brazil's footsteps in terms of biofuels. Brazil proposed that the forum might consider opening up to other countries at some point. However, Brazil and all other parties agreed to currently keep the forum to the six existing participants, in order to streamline processes and better achieve consensus. (At another point, Patriota suggested that the Forum operate only as long as desirable, and that participants could decide in a year or two whether to continue it.)

¶19. (SBU) U/S Patriota proposed that all the priorities mentioned form the basis for a ministerial declaration to formally launch the Global Biofuels Forum. Brazil will take charge of preparing a draft for comment of the forum declaration. All participants agreed that it will be important to spell out the organizational aspects in the declaration's text. Brazil also proposed that the Forum meet every three months at the senior-official level, with working group meetings convened at different venues during the intervening periods. Initially discussed as four potential working groups, it was agreed that reducing the number of working groups to two would

BRASILIA 00002588 002 OF 002

be more realistic. Working Group 1 will focus on information exchange and partnership, and will encompass the economic, social, development and environmental factors mentioned by several delegations. As part of this, there may be a series of technical meetings to devise a system of information sharing and exchange as suggested by the US delegation, a sort of wiki-style platform (an online, collaborative tool). U/S Patriota noted that the forum will not have a secretariat or staff, so expectations regarding information exchange should be kept realistic. Working Group 2 will focus on standards and codes as a prerequisite for the commoditization of liquid ethanol and biodiesel.

¶10. (SBU) Brazil plans to host an expert-level meeting in its mission in Geneva on December 18 (to be confirmed), and will draft the text for the announcement of the forum. At that point, it is hoped that consensus will be achieved by all delegations on the draft, to come very close to the text that would be presented at a Ministerial-level meeting. Despite voicing potential problems regarding visas or dates, overall, third country delegations seemed interested in sending representatives to that event.

¶11. (SBU) The Ministerial was initially proposed for 29 January, but at least one delegation had indicated that date would not be possible (Chinese New Year is 29 January). The new target will be during the first half of February -- before Carnival, and trying to take into account other national holidays or difficult periods. U/S Patriota requested flexibility and indicated that if it would be helpful, he could request that President Lula send letters of invitation to the Ministerial to the various forum members' governments.

¶12. (SBU) Other biofuels-related meetings are also planned outside of the forum: a) Brazil plans to hold a global biofuels conference at the end of 2007. Patriota indicated that more realistically, this would take place in the first part of 2008; b) The Brazilian private sector association of approximately 100 sugar producers, UNICA, plans to host an ethanol summit in June 2007 in Sao Paulo; and c) The EU delegate indicated that the EU plans to host an international biofuels conference in mid-2007, probably July. This

idea was raised by EC President Barroso during his visit to Brazil last year.

¶13. (U) This cable was cleared by the U.S. delegation prior to its transmission.

WILLIAMSON